

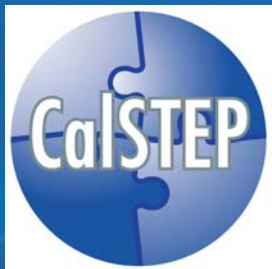
California Secure Transportation Energy Partnership (CalSTEP)

Input Into the CA Bioenergy Interagency Working Group



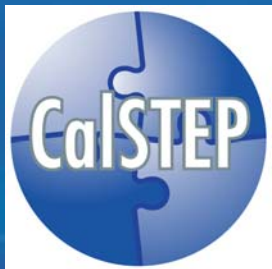
Matt Peak
CALSTART
March 9th, 2006





What is CalSTEP?

- Spearheaded by CALSTART
- Diverse stakeholders from the private, public, and non-governmental sectors
 - Concerned with CA transportation fuel supply problem
 - Goal is to increase transportation efficiency and alternative fuel use in CA
 - Create **more wealth** and **economic opportunity**, while improving the environment
- Develop *and implement* a comprehensive pro-business “action plan” to secure California’s transportation energy future



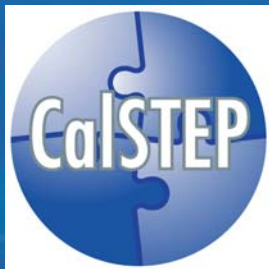
CalSTEP = Multiple Solutions

- There is no silver bullet
- CalSTEP recognizes the need:
 - to transition from a single to a multiple-fuel future
 - for greater vehicle efficiency
 - for better transit/smart growth policies and practices



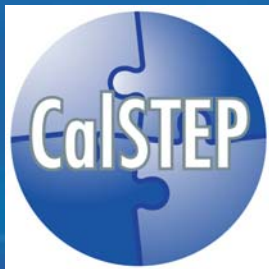
CalSTEP Members -- Preliminary

- **George Shultz**, Distinguish Fellow, Hoover Institute
- **Dr. Maxine Savitz**, The Washington Advisory Group
- **Dr. Jim Sweeney**, Professor of Management Science and Engineering, Stanford University
- **Lars Erik Lundin**, Vice President, Volvo Car Corporation
- **Dr. Beverly Scott**, General Manager, Sacramento RTD
- **Tim Carmichael**, President and Chief Executive Officer, Coalition for Clean Air
- **Bill Jones**, Chairman, Pacific Ethanol
- **Maurice Gunderson**, Managing Director, Nth Power

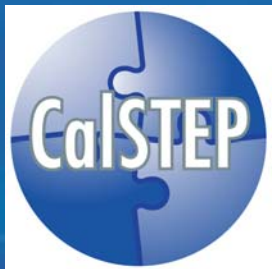


CalSTEP Members -- Preliminary (cont.)

- **Dr. S.M. Shahed**, Vice President, Advanced Technology, Honeywell Turbo
- **Reg Modlin**, Director Energy and Environmental Planning, DaimlerChrysler Corporation
- **Lee Stein**, Chairman, Stein & Stein (Investment Co.)
- **James D. Boyd**, Commissioner, California Energy Commission
- **Fred Keeley**, Treasurer-Tax Collector, County of Santa Cruz (former Speaker Pro Tempore, State Assembly)
- **Doug Linney**, President, The Next Generation
- **John Boesel**, President and CEO, CALSTART



CalSTEP Comments and Recommendations Regarding the Draft Bioenergy Action Plan



Bioenergy Consultant Recommendations

- “Direct the California Air Resources Board to **develop regulations that maximize the flexibility of using biofuels**, while preserving the environmental benefits of their use. This effort should build upon the Rulemaking to Update the Predictive Model and Specifications for Reformulated Gasoline proceeding that has recently been initiated.”
 - “The elimination of the federal oxygenated fuel requirements for gasoline and the current lack of rules regarding the new Federal Renewable Fuel Standard (RFS) could lead to decreased ethanol use in California. The State of California should **work to preserve this existing market while addressing emissions issues** associated with ethanol use in gasoline.”
 - “Proposing **minimum** annual statewide ethanol **consumption levels to encourage in-state production** opportunities until details of the proposed state RFS are developed.”



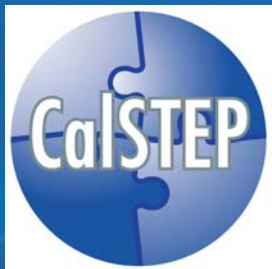
#1) “No Backsliding” on Blending

- By 2008, the state should explicitly incorporate a minimum pooled RFS (~6%) into its existing fuel regulatory activity.
- Furthermore, CalSTEP strongly supports the state’s overall alternative fuel goal (20% by 2020) and supports the role of biofuels in meeting this goal.



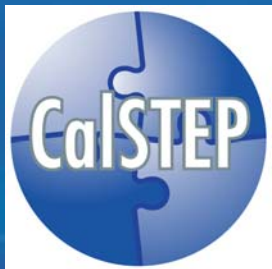
#2) Lead the Creation of Biofuel Specifications

- CalSTEP recommends that the Governor direct CARB and the CEC to set fuel specifications for appropriate biodiesel blends, including B10
- CalSTEP encourages the state to work with the federal government, other states, or to act on its own
 - Create interim standards until ASTM specs are established



Bioenergy Consultant Recommendations

- “Conducting a comprehensive and peer-reviewed **study** of the **costs, emissions impacts, and fuel supply consequences** of low-level ethanol blends (i.e. E6 to E10), and incorporate the study findings into the rulemaking process.”



#3) Examine RFG Composition to Accommodate Higher Biofuel Blends

- CalSTEP recommends that CARB, in coordination with the CEC, commission a study to determine how the composition of reformulated gasoline can be changed such that net emissions do not increase when using higher biofuel blends (such as E10)



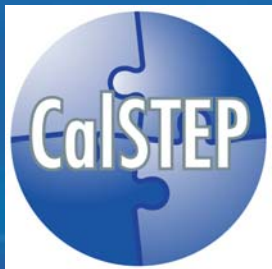
Bioenergy Consultant Recommendations

- “Addressing the emissions performance, fuel supply consequences and cost issues surrounding greater use of **E85 in California.**”



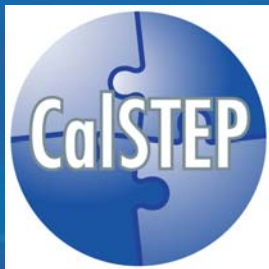
#4) Aggressively increase E85 Availability and Use

- CalSTEP recommends that the state provide mechanisms for E85 growth that parallels the state's Hydrogen Highway efforts
- Not a regulatory driven approach
 - Focused on incentives, pricing, economics, and the free market
 - Create a climate where E85 can be competitive in CA



Bioenergy Consultant Recommendations

- “Direct **state agencies** to **purchase biofuels**, bio-based products, and biopower, including combined heat and power where possible, with **specific targets for 2010 and 2020**. Also, encourage local governments and public institutions to follow the state’s lead.”



CA's FFV's Aren't Using E85

- *Of California's over 5,200 alternative fuel vehicles in the 2002 state fleet, only 63 (1.2 percent) were fueled with alternative fuels, leaving the remaining 98.8 percent to be fueled with conventional gasoline.*

- *Source: California State Vehicle Fleet Fuel Efficiency Report: Volume II. Prepared by Tiax LLC for the California Energy Commission, Air Resources Board, and Department of General Services. 600-03-004. April 2003.*



#5) Increase and Ensure State Fleet E85 Usage

- CalSTEP recommends that the Secretary of the State and Consumer Services Agency develop a plan to be used in the procurement process for vehicles *and fuels* to most effectively reduce the state fleet's petroleum consumption
 - Completed and delivered by the end of 2007
 - Ensures that the state's alternative fuel vehicles operate on alternative fuels
 - State implement E85 pumps at its refueling facilities
 - By 2010, 50% of state's FFVs operate on E85
 - By 2012, 90% of state's FFVs operate on E85



CalSTEP



www.calstart.org